THE FEDERAL TRADEMARK ANTI-DILUTION ACT

HOW FAMOUS IS "FAMOUS"?

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INTRODUCTION

Since the enactment of the Federal Trademark Anti-Dilution Act ("FTDA") in 1996, how to measure a mark's "fame" has emerged as an important and controversial issue in trademark law. Congress did not intend the FTDA to protect trademarks unless they are "truly famous." Rather than specifically defining "famous" in the legislation, Congress provided an eight-factor fame test that courts "may" consider in determining a mark's fame. [1]

Thus far courts have been extremely inconsistent in which of these factors they include in their analyses and in how much emphasis they place on each. Simply put, courts have differed quite significantly in their interpretation of the FTDA's fame requirement in part because the FTDA does not provide rigid guidelines. As one author puts it, "This limitation has led judicial interpretation of the act to a new Wild West where courts confront the task of measuring fame and dilution without the benefit of any criteria for making such measurements." [2] This paper argues that continued differing judicial opinion as to a mark's fame determination will undermine the legislative intent behind the FTDA and simultaneously curb its effectiveness. Thus, left unanswered is the question: What level of fame must a trademark attain to be eligible for antidilution protection under the FTDA?

Part I of this paper provides the reader with background information on trademark law and introduces the concept of trademark dilution. It discusses the goals, purposes, and history behind the FTDA and presents the FTDA's eight-factor fame test. Part II of this paper delves more deeply into the eight fame factors and provides examples of how some courts' misuse of the factors has led to erroneous decisions. Part III of this paper examines how some courts have misinterpreted certain aspects of the FTDA. Part IV of this paper recommends that a consistent analysis of the element of "famousness" be followed by all of the circuits so that truly famous marks will be the only ones able to qualify for FTDA protection.

I. Trademark Overview

Trademarks are the names, slogans, or symbols used by companies or individuals to identify and advertise their products and services to consumers. [3] Trademarks function to ensure a consistent level of quality in the goods and services purchased by consumers. [4]
Historically, the most frequent violation of trademark law was trademark infringement -- the unauthorized use of another's trademark. The crucial element in proving trademark infringement is the "likelihood of confusion" which measures a customer's confusion as to the source of a good. Infringement focuses on consumer protection by ensuring that customers will not be misled in purchasing goods or services due to market confusion caused by competing marks.

Unlike traditional trademark infringement claims where a trademark holder seeks to prohibit a competitor from using a mark to confuse customers into buying his product, dilution takes a different approach to trademark violations. As Professor Joseph McCarthy notes, "Where the likelihood of confusion test leaves off, the dilution theory begins." When two similar or identical marks are being used simultaneously in different geographical locations in the U.S., the courts identify the mark that was adopted and used first as the "senior mark." The mark subsequently adopted -- used second -- is the junior mark. Dilution prevents such junior use of famous trademarks even without consumer confusion as to the source of that junior use. Dilution theory originated with Frank I. Schechter, who in a 1927 Harvard Law Review article argued that even a non-competing, non-confusing use of a unique mark would result in a "gradual whittling away or dispersion of the identity and hold upon the public mind of the mark…" Proponents of dilution theory maintain that dilution doctrine provides a much-needed remedy for a harm inadequately addressed by traditional trademark infringement. Conversely, critics of dilution theory assert that it comes too close to bestowing monopolistic rights to trademark owners and thereby "squarely contradicts the fundamental tenet of trademark law that trademark rights are not property rights, but rather merely the right to exclude others from use on similar goods." One such critic, Robert Klieger, argues that giving trademark owners a monopoly in their trademark thwarts "new competition." These valid concerns become apparent when one examines how some courts have interpreted the language of the FTDA. Some circuit courts read unrestrained dilution theory into the FTDA. This results in greater risks to new business owners attempting to select a trademark, while senior mark users gain omnipotent-like power with which to defeat new non-infringing uses.

A. TYPES OF DILUTION

Dilution, as defined by the FTDA, means "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the famous mark and others, or a likelihood of confusion, mistake, or deception."
It is important to distinguish between the two types of dilution -- tarnishment and blurring. Tarnishment occurs when a defendant uses a famous mark in association with unwholesome or defective goods or services. [17] Tarnishment diminishes the goodwill and reputation of the famous mark, particularly when the unauthorized use involves illegal drugs, pornography or sexual crudity. [18] For example, if an X-rated movie portrays actresses in Chicago Bears' cheerleading uniforms, the Bears' reputation is effectively tarnished. The Toys "R" Us, Inc. court had no trouble finding that "Adults R Us" in an Internet site tarnished and thereby diluted "Toys 'R' Us" and "Kids 'R' Us" when used to sell sexual products. [19] Tarnishment can also occur when a person attempts to parody a famous trademark in a derogatory fashion. [20]

In contrast, blurring occurs when the use of a similar mark on unrelated goods weakens the distinctive link between the mark and the trademark holder's goods, even though a consumer may not be confused as to the source of the goods. For instance, a legal pad manufacturer using a mark similar to "TOYOTA" on its products would serve to diminish the mental association made between "TOYOTA" and the line of goods it is normally associated with -- cars. Therefore, the strength of "TOYOTA's" mark is weakened because the public now associates the mark with a new and different source. Because of its subtlety, dilution by blurring can prove difficult for some courts to recognize. In describing such subtlety the Eighth Circuit likened injury by blurring to a "death by a thousand cuts." [21]

Additionally, dilution can result from conduct that neither meets the definition of tarnishment nor blurring. Recently, courts have applied the FTDA to cases involving "cybersquatting" on the Internet. [22] In these cases, defendants use domain names similar to plaintiffs' marks with the intent to sell the domain name back to the trademark owner for a high fee. [23] In such a situation, dilution has occurred because Internet users seeking plaintiffs' goods or services who mistakenly come across defendants' website might give up searching for plaintiffs' actual website due to their frustration over having to wade through too many web sites to find plaintiffs'. [24]

Congress recently enacted the Anticybersquatting Consumer Protection Act ("ACPA") to supplement the FTDA in prohibiting cybersquatting because the FTDA's fame requirement made it less useful to trademark owners wanting to establish and maintain their presence on the Internet. [25] The ACPA requires a plaintiff to show that the defendant acted in bad faith, thus protecting innocent registrants who either unintentionally registered a trademark or had no intent to profit from the goodwill of the mark. [26]

B. History and Purposes of the FTDA
Prior to the enactment of the FTDA, claims of dilution were recognized only under state statutes. In 1947, Massachusetts became the first state to adopt an anti-dilution statute, but the majority of states did not enact anti-dilution legislation until after 1963. To date, thirty-four states have anti-dilution statutes.

At least two problems were created as more and more states began enacting anti-dilution statutes. First, injunctions issued in one state were difficult to enforce in states lacking anti-dilution statutes. Second, the differences between the state statutes gave trademark owners the incentive to forum shop. Judges became reluctant to issue nationwide injunctions based on state anti-dilution laws not knowing whether those injunctions would be enforced in jurisdictions that did not recognize dilution claims. Trademark owners with multi-state markets became increasingly concerned about the lack of nationwide relief. However, these same trademark owners also realized that trying to obtain injunctive relief in all fifty states would most likely be impossible. These problems led to the adoption of the FTDA in 1996.

Congress enacted the FTDA to meet three needs. First, Congress thought the FTDA would bring about uniformity between the states' antidilution statutes. Second, Congress hoped the FTDA would enhance America's position in international trade relations. Finally, by enacting the FTDA, Congress hoped to encourage trademark owners to invest in their marks thereby achieving famous mark status, and to recognize the investments that trademark holders have made in making their marks famous.

The FTDA codifies dilution theory. The Act provides that the owner of a "distinctive and famous" mark shall be entitled to an injunction against another's commercial use of a mark or trade name if such use begins after the mark has become famous, and if it dilutes the distinctive quality of the mark. As Senator Orrin Hatch, one of the sponsors of the FTDA, pointed out, "[T]his bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of likelihood of confusion." An injunction is a trademark owner's only protection under the Act unless the defendant acts willfully in causing dilution. Only if willful intention is present does the Act provide for damages, lost profits, and attorneys fees.

The FTDA was signed into law by President Clinton on January 16, 1996 -- fifty years after the enactment of the first state anti-dilution statute. The FTDA effectively amended the Lanham Act of 1946 by providing the owner of a famous trademark injunctive relief against unauthorized use of a mark that dilutes that distinctive quality of the famous mark. Specifically, the Act added the following subsection to section 43 of the Lanham Act:

The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if
such use begins after the mark has become famous and causes dilution of the distinctive quality of the [famous] mark... [42]

Thus, the "threshold" issue to be determined in a dilution claim brought under the FTDA is whether the mark is famous. [43]

II. Famousness

This section thoroughly analyzes each of the eight fame factors by examining the congressional intent behind the factors and providing examples of how some courts have failed to adhere to Congress' intent when conducting a fame analysis.

The FTDA provides eight non-exclusive factors that courts may consider in determining a mark's famousness. They are:

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. [44]

A. The Degree of Inherent or Acquired Distinctiveness of the Mark
Before it can be considered "diluted," a mark must have a high degree of distinctiveness. Distinctiveness -- not fame -- was the requisite factor for protection under most state dilution statutes. In enacting the FTDA, however, Congress intended to make fame the necessary showing for a mark to be entitled to protection. Therefore, a trademark owner claiming dilution under the federal Act must show more than mere distinctiveness.

B. The Duration and Extent of Use of the Mark in Connection with the Goods or Services with which the Mark is Used

This fame factor, like many of the others, is written in general terms. The statute does not specify a minimum as to the length of time a mark must be used before it can be considered famous. Both the House and TRC Reports note that famous marks "will have been in use for some time." The fact that some courts have considered marks as old as 125 years and as young as 15 years to be famous demonstrates the potential for inconsistent judicial findings as to this factor. Not surprisingly, the TRC Report pointed out that some trademarks will become famous overnight as a result of heavy publicity and advertising.

Trademark owners will not be able to gauge whether their marks may be eligible for dilution protection under this factor if similar periods of use lead to different determinations of fame. Similarly, their attorneys will have difficulty advising their clients as to this factor because of the inconsistent judicial findings thus far. In fact, the TRC Report pointed out that some trademarks will become famous overnight as a result of heavy publicity and advertising.

The Wawa Court erroneously used the duration of use factor to bolster its decision granting plaintiff an injunction. In that case the plaintiff had been using its mark for almost ninety years. However, although Wawa owned over 500 convenience stores in five states and had an annual advertising budget of over six million dollars, its marks did not possess the nationwide fame necessary for FTDA protection. In its fame analysis, the Wawa court should have placed less emphasis on the duration of use factor and instead should have weighed the "geographical extent of the trading area in which the mark is used factor" more heavily. If it had done so, it would have appropriately denied plaintiff protection from dilution under the FTDA.

C. The Duration and Extent of Advertising and Publicity of the Mark

This factor is important in that it demonstrates Congress' recognition of the "substantial investment" that famous mark owners undertake in publicizing their marks. Congress intended to reward mark owners that have
invested heavily in promoting their unique identifiers by enjoining others who attempt to profit on the good name established by the famous mark.

Similar to the duration of use factor discussed above, the duration of promotion factor also carries the potential of misuse because it involves making an objective finding. Therefore, although it should be considered in a fame determination, this factor should not be weighed heavily by a court in its analysis.

D. The Geographical Extent of the Trading Area in which the Mark is Used

This fourth fame factor is one of the most essential as evidenced by the House Report's reiteration of the fact that the FTDA is intended to cover only marks that are famous on a nationwide basis. Importantly, the House Report also points out that the FTDA does not pre-empt state statutes and that "(s)tate laws could continue to be applied in cases involving locally famous or distinctive marks." [58]

Because this "geographical extent of use" factor is also stated in vague terms, some courts have granted relief in cases where Congress would have intended state laws to be the sole remedy. [59]

E. The Channels of Trade for the Goods or Services with which the Mark is Used

This factor measures how widespread a mark's use is. The more widespread the mark's use, the easier it will be for a court to infer that the mark is famous. A court may find that the mark is used in channels of trade likely to make it known to a broad section of the public. Such a finding would do away with the need for the plaintiff to rely on survey evidence to prove the famousness of its mark due to its recognition by a substantial number of people nationwide. The greater the number of channels in which the marks I used, the more likely that the mark will be considered well known, famous and eligible for dilution protection.

At least two courts have given this factor great weight in rendering a fame determination. First, in Panavision Int'l, L.P. v. Toeppen, the fact that Panavision directed its advertising to the general public along with companies in the entertainment industry helped persuade the court that Panavision's mark was indeed famous. [61] Second, American Express' use of its highly recognizable "Don't Leave Home Without It" Mark in the fields of travel, charge services, traveler's checks, tours and reservations also aided a determination that the mark was famous. [62]

F. The Degree of Recognition of the Mark in the Trading Areas and Channels of Trade Used by the Mark's Owner and the Person Against Whom the Injunction is Sought
Whether or not this factor relates to fame is questionable. It seems to be more of an indicator that dilution is likely to occur than it is an indicator of fame. To analyze this factor, the court must examine the channels of trade for both the senior and junior users' marks. Then the court must determine whether the senior mark is well recognized enough in both markets such that junior use could lead those in its market to associate its goods with the goods of the senior user. [63]

G. The Nature and Extent of Use of the Same or Similar Marks by Third Parties

This factor requires a court to determine the exclusivity of the senior mark. [64] A mark's exclusivity facilitates a fame determination because it is indicative of the distinctiveness of the mark. [65]

The court's decision in *Gazette Newspapers, Inc. v. New Paper, Inc.* [66] exemplifies an erroneous dismissal of the fact that third parties used the "Gazette" name extensively. In that case, the court applied the FTDA to protect the use of "Gazette" in only two counties in Maryland. [67] The court failed to recognize, however, that there are at least seven major newspapers around the country that use "Gazette" in their titles. [68] The FTDA provides an extraordinary remedy to trademark owners, thereby creating a broad zone of exclusivity around famous marks. [69] Thus, the *Gazette* court's decision plainly contradicts congressional intent by granting such an extraordinary remedy to a mark containing such an ordinary and widely used name.

It is essential that courts thoroughly analyze this seventh factor in determining a mark's fame because Congress intended the FTDA to protect only those marks that are "unique, singular, or particular." [70]

H. Whether the Mark is Federally Registered

This, the final of the eight fame factors, should also be the factor on which courts place the least amount of weight. This factor used to be a requirement under the proposed statute rather than a suggested factor. [71] The purpose of limiting dilution protection to registered marks was threefold in that it promoted predictability [72], established *prima facie* evidence of distinctiveness [73], and promoted registration of trademarks. [74] After introduction to the House, however, the FTDA was amended to include protection for famous unregistered marks so as to fulfill international obligations under the Trade Related Intellectual Property portion of the General Agreement on Tariffs and Trade [75].

As stated earlier, registration was required to show that a mark was distinctive. [76] Fame, however, was to be proved separately. [77] When it created the statute, the Trademark Review Commission (TRC) understood that
famous marks comprised a small subset of all registered marks. Actually, the fact that a mark is registered has little relation to whether it has the degree of distinctiveness necessary to qualify as famous.

III. How some courts have misinterpreted the FTDA

Before assigning all of the blame for the problems that have arisen with enforcement of the FTDA to the courts, it is critical to note that there are inherent problems in the Act itself -- namely problems related to ambiguity. There are at least four ways in which the FTDA is ambiguous. First, and probably most importantly, the Act does not define the term famous. Second, the FTDA does not spell out a method by which to analyze trademark fame -- it simply tells courts they may consider the listed eight factors. Third, the FTDA indecisively uses the term "distinctiveness" throughout the statute without clarifying its definition. This leads to many questions. Is distinctive intended to be synonymous with fame? Does a court need to undertake an independent inquiry for distinctiveness in addition to a fame analysis? What are the characteristics a mark must possess in order to be distinctive or famous? Can a mark be distinctive but not famous? Is a famous mark automatically a distinctive mark? Finally, the eight fame factors themselves can be interpreted in a variety of ways, and the Act gives no indication as to which possible means of interpretation may be the best.

Thus, although judges need to undertake a more comprehensive analysis of the eight fame factors, their errors in interpretation are facilitated by the ambiguity inherent in the Act. The FTDA's use of non-exclusive factors in the determination of a mark's fame makes it difficult to predict whether any particular mark will be deemed famous. Three examples of truly famous diluting marks are: "DUPONT shoes, BUICK aspirin, and KODAK pianos." Other marks that, not surprisingly, have also reached the level of "famous marks" include BUDWEISER beer, POLO clothing, TOYS 'R US retail toy sales and HOTMAIL e-mail service. Conversely, trademarks such as BONGO, WEATHER GUARD, and GOLDEN BEAR, have been denied protection under the FTDA because they do not equal the level of fame of KODAK, DUPONT, and BUICK.

There are at least five ways various courts have erred in interpreting the FTDA. These include: (1) Confusing infringement's secondary meaning test with the test for fame, (2) Using the wrong definition of fame, (3) Failing to analyze each of the eight fame factors, (4) Finding dilution of niche market trademarks, and (5) Conducting a separate analysis of distinctiveness.

1. Secondary Meaning
Since the FTDA does not force courts to limit themselves to the eight listed factors in a determination of fame analysis, some courts have erroneously concluded a mark is famous based on the "secondary meaning" test necessary to prove trademark infringement. The tests for fame and secondary meaning mirror each other to a certain extent because they both include factors such as the degree of third party use, the extent of advertising, the consumer base of the mark, and the length of the mark's usage. [87]

Some courts of appeals have explicitly rejected such an approach. For example, the First Circuit, in I.P. Lund [88] criticized the method of linking a finding of secondary meaning distinctiveness to a finding of fame for dilution purposes. [89] Additionally, in Avery Dennison Corp. [90], the Ninth Circuit observed that "likelihood of confusion should not be considered" in analyzing a claim brought under the FTDA. [91]

The First and Ninth Circuits were correct in refusing to link the FTDA's fame analysis to the secondary meaning test inherent in trademark infringement analysis. The purpose of the FTDA is to protect the distinctiveness of famous marks from being diminished when others use the mark on other products. [92] Conversely, the purpose of infringement is to protect against consumer confusion. [93] The FTDA is explicit in stating that a dilution claim is independent of an infringement claim, and states that dilution can occur in the "presence or absence" of a likelihood of confusion. [94]

2. Courts use the wrong meaning of fame

The First Circuit in I.P. Lund Trading. [95] and the Ninth Circuit in Avery Dennison Corp. v. Sumpton. [96] by requiring plaintiffs to own unusually strong marks before qualifying for FTDA protection, have strictly interpreted the FTDA's fame requirement. [97] The First Circuit has given the term "famous" a highly restrictive, legalistic meaning, viewing it as a "term of art given (a) specific rigorous meaning by the FTDA." [98] Trademark owners bringing dilution claims under the FTDA in circuits such as the First and Ninth have a much lesser chance of success because of the rigorous and strict way in which these circuits interpret the fame element.

Conversely, courts such as the Second Circuit in Nabisco, Inc. v. P.F. Brands, Inc. [99] and the Seventh Circuit in Syndicate Sales, Inc. v. Hampshire Paper Corp. [100] have interpreted the fame element much more loosely, and thus are more likely to apply the FTDA's protection to marks of lesser celebrity. In direct contrast to the First Circuit, the Second Circuit reads the FTDA as using the term "famous" "in (its) ordinary English language sense." [101] Therefore, in jurisdictions such as these, trademark owners may have an easier time proving fame.

3. Mandatory Analysis of Each Factor
Some courts have deemed a mark famous only after undertaking a comprehensive balancing of the eight FTDA fame factors. These courts are adhering to the FTDA's recommendation that courts consider all of the eight factors in a fame analysis. Two circuits -- the Seventh and the Ninth -- appear to be doing just that.

In Syndicate Sales, Inc. v. Hampshire Paper Corp., the lower court determined that the plaintiff did not meet the FTDA's fame requirement because the plaintiff's mark, a plastic basket used for flowers at funerals, was strong only among "wholesalers and retail florists." The Seventh Circuit disagreed with the lower court, directing that "the narrowness of the market in which a plaintiff's mark has fame is a factor that must be considered in the balance." The Seventh Circuit then remanded the fame issue back to the lower court, observing that "[c]learly the court did not consider, in this (niche market) context, all of the factors set forth in the statute." The Ninth Circuit, in Avery Dennison, never expressly stated that courts should examine all eight factors, but that is exactly what it did in practice. In Avery Dennison, the lower court found that the plaintiff's marks were famous in spite of evidence pertaining to the plaintiff's marketing efforts and consumer association with the plaintiff's marks. The Ninth Circuit focused on the importance of the fame determination in preserving trademark protection, and stated that antidilution protection is "the most potent form of trademark protection," that should be applied to only a limited class of "truly prominent and renowned" marks. After analyzing each factor, the Ninth Circuit decided that the plaintiff had failed to meet its burden of proving that its marks were famous.

The Seventh and Ninth Circuit's method of analyzing every FTDA fame factor is the preferable means of determining fame because it is the only one that gives force to the FTDA's eight factors. However because of the differing consensus among the circuit appellate courts thus far, the "short-cuts" of (1) inferring fame from components of infringement analysis, or (2) defining fame according to its ordinary meaning are still acceptable ways for courts to deem a mark famous.

4. Niche Market Fame

Another issue regarding fame that courts have increasingly faced is whether a mark can be deemed famous within a particular market segment or niche. Most courts have accepted the proposition that the FTDA can be applied to prevent dilution within a particular market niche and that "fame" does not require fame to all
consumers. One of the leading cases discussing niche market fame is Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C. [114]

In Times Mirror Magazines, Inc., plaintiff, publisher of "The Sporting News," provided its readers with information on many sports but specifically excluded mention of gambling, believing "that there is a portion of the population that is adamantly opposed to gambling and that they would not look favorably on any of [its] products if they thought [the magazine was] promoting gambling in any way." [115]. Defendant began publishing the "Las Vegas Sporting News" -- a magazine containing articles, editorials and advertisements on sports wagering "for the sports gaming enthusiasts or individuals that like to take a risk." [116]

The Third Circuit wrongly affirmed the lower court's decision issuing a preliminary injunction against defendant upon finding that "The Sporting News" was indeed a famous mark. [117] Judge Barry's dissent in Times Mirror, is the more correct interpretation of the FTDA because her reasoning follows the legislative intent behind the Act. Judge Barry emphasized, "The legislative history of the Act is crystal clear that Congress intended courts to be highly selective in determining which marks are famous and accorded those truly famous marks an unprecedented degree of protection." [118]. The dissent also points out that nowhere in the legislative history is a "niche-market" theory of fame mentioned. [119]. Perhaps the most persuasive part of the dissent comes when it exposes the fundamental problem with application of the niche market theory:

"Courts approving the "big fish in a small pond" theory of trademark dilution fail to recognize that it threatens to overrun trademark infringement law. Trademark infringement law permits similar, or even identical, marks to coexist on non-competing goods. If even a locally famous mark can preclude all other marks in every channel of trade, then conceivably every trademark can be used to create a monopoly in a word or symbol -- a proposition clearly contrary to the intent and practice of trademark law. It is possible to find virtually any mark to be "famous" within some market, depending on how narrowly that market is defined." [120]

Thus, the dissent concludes that because both parties were operating within the narrow market of sports periodicals, the plaintiff's complaint in Times Mirror simply represents a "garden variety infringement case" and that accordingly, trademark infringement law -- not the FTDA -- should be applied to provide an appropriate remedy. [121]

5. Separate Analysis of Distinctiveness is Unnecessary

The FTDA recommends courts consider its eight factors to determine "whether a mark is distinctive and famous." [122]. The circuits disagree as to whether a showing of fame alone is sufficient to entitle an owner to
relief under the FTDA. Most circuits grant trademark owners anti-dilution protection under the FTDA if four elements are met:

(1) The mark must be "famous."

(2) The defendant must be making a commercial use of the mark in interstate commerce.

(3) The defendant's use of the mark must have begun after the plaintiff's mark became famous.

(4) The defendant's use of the mark must cause dilution by lessening the capacity of the plaintiff's mark to identify and distinguish goods or services. [123]

The circuits applying the four-element test for dilution are in agreement with Professor Joseph McCarthy, who has argued that the second "distinctive" is redundant and merely a synonym for fame. [124]

The Second Circuit, however, adds a fifth element to the above-mentioned four, and in doing so explicitly rejects McCarthy's view. According to the Second Circuit, courts must also consider whether the mark is "distinctive." The Second Circuit, in Nabisco, Inc. v. PF Brands, Inc., [125] emphasized that "[d]istinctiveness in a mark is a characteristic quite different from fame," and further concluded that "(i)t is quite clear that the (FTDA) intends distinctiveness, in addition to fame, as an essential element." [126] The Second Circuit points out that many marks can be labeled famous but are of the "common or quality-claiming or prominence-claiming type -- such as American, National, Federal, Federated, First, United Acme Merit or Ace," [127] and thus concludes that while these marks are famous, they are "not at all distinctive." [128]

IV. RECOMMENDATIONS

In order to protect owners of truly famous marks and simultaneously prevent granting injunctions to trademark owners whose marks do not meet the FTDA's fame requirement, it is imperative that courts engage in a comprehensive analysis of the fame factors. In doing so, courts should be mindful of Congress' intent to limit protection to a small group of marks that are "unique, singular," marks that are potent, marks in which the owner has made a "substantial investment . . . in the mark," and marks which carry an "aura." [129]

A. Judges should analyze all of the fame factors and explain the weight they accord to each
Judges that analyze only some of the fame factors mistakenly ignore trademark owners who successfully satisfy the majority of the factors. The FTDA does not instruct the courts to focus more on some factors or less on others, but it presents a balancing test that courts should undertake on a case-by-case basis. [130]

B. Delete Federal Registration as a Fame Factor

Federal registration of a mark should be deleted from the FTDA as a fame factor. Registration may be considered as prima facie evidence that the mark is distinctive, but plaintiffs should not be punished if their mark is not registered. Although a mark's registration establishes a mark's distinctiveness (the first factor in the fame analysis), its inclusion as the eighth fame factor is misleading and probably confuses courts more than it assists them.

C. Judges should not conduct a separate analysis of distinctiveness

A separate analysis of distinctiveness, as was undertaken by the Nabisco court, should not be conducted. A separate analysis would place undue importance on distinctiveness and create redundancy while ignoring the mandates of the FTDA. Distinctiveness is simply one of eight factors to consider in determining fame. [131] By analyzing "distinctiveness" alone and failing to complete a comprehensive fame analysis, the Nabisco court misconstrued the plain language of the FTDA.

The language of the FTDA makes it clear that all famous marks are distinctive, whether they became distinctive over time or whether such marks are inherently distinctive, and that conversely, not all distinctive marks are famous. [132] The Act states that protection is extended only to the "owner of a famous mark" -- not the owner of a famous and distinctive mark. [133] Indeed, a truly famous mark, worthy of anti-dilution protection is inherently distinctive. [134]

D. Emphasize quantitative survey evidence

Courts have had difficulty determining what definition of fame Congress intended the FTDA to take on. As we saw earlier, the Second Circuit in Nabisco interpreted "fame" as it is used in its ordinary English language sense. Conversely, the First Circuit, in I.P. Lund, assigned "fame" a highly restrictive and legalistic meaning. A better interpretation of the phrase "fame in its ordinary English language sense" is that a mark is not famous unless survey evidence demonstrates that a substantial percentage of the general public recognizes the mark as famous. It seems no one would be in a better position to determine fame than a cross-section of the general public.
Utilizing such a quantitative survey method would help limit the FTDA's protection to truly renowned marks — marks so inherently famous that a high percentage of the general public would recognize them. At the same time, such a method would prevent a mark recognized only by a narrow segment of society (e.g. niche-market fame) from qualifying for the FTDA's protection.

V. CONCLUSION

Courts' adherence to the FTDA's fame requirement is critical to lessening the risk of trademark overprotection that dilution presents. Congress took steps to ensure that the extraordinary remedy of dilution would be limited to truly famous marks by providing a list of eight factors courts may weigh in determining whether a particular mark is famous. [135] Unfortunately, courts have been pressured to lower the bar as to what constitutes a famous mark. This has led to what one commentator has termed "doctrinal creep" [136] -- a phenomenon that occurs when a remedy exclusively developed for an extraordinary case becomes increasingly applied to the ordinary case.

There are many incentives for trademark owners to assert that their marks are famous. These incentives include the prospect of obtaining near property right status, avoidance of having to prove confusion, and obtaining a cause of action to "back up" a trademark infringement claim. To ensure dilution does not swallow up all trademark law, courts must remain vigilant and consistent by rigorously applying the FTDA's fame requirement, permitting only truly famous marks to qualify for the "extraordinary" remedy of dilution. Otherwise, as one commentator observes, "It may just be a matter of time before dilution eclipses confusion as the gravamen of most federal trademark actions and trademark rights in gross displace consumer protection as the defining feature of United States Trademark law." [137]


[3] See 15 U.S.C. § 1127 (1994) ("The term 'trademark' includes any word, name, symbol, or device, or any combination thereof… [used] to identify and distinguish his or her goods… from those manufactured or sold by others and to indicate the source of the goods…”).


See id. 23:5, at 23-15.


See id.

See id. at §24:70, at 24-121.


Robert N. Klieger, Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. Pitt. L. Rev. 789, 862-63 (1997) (stating that dilution theory "enhances the barriers to new competition in related and unrelated markets' because it "prevents … junior uses of an identical or similar mark in related or unrelated industries even where deception is not likely to result").


See Edgar Rice Burroughs, Inc. v. Manns Theatres, 195 USPQ 159, 161 (C.D. Cal. 1976) (showing how the use of the TARZAN character in X-rated film would dilute the value of its famous mark).

See Toys 'R' Us, Inc. v. Akkaoui, 40 USPQ 2d 1836, 1836-39 (N.D. Cal. 1996); see also Polo Ralph Lauren L.P. v. Schuman, 46 USPQ 2d 1046, 1048 (S.D. Texas 1998) (granting permanent injunction prohibiting the tarnishing use of 'The Polo Club' and 'Polo Executive Retreat' for an adult entertainment establishment).

4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:69, at 24-120 (stating that dilution by tarnishment exists, "(f)or example, (when) the mark … (is) used by the defendant without permission in an attempted parody context that is totally dissonant with the image projected by the mark.

Coca-Cola Co. v. Stewart, 621 F.2d 287, 292 (8th Cir. 1980).


See Panavision Int'l, 141 F.3d at 1319; see also TeleTech Customer Care Management, 977 F. Supp. at 1409-10.
See Panavision Int'l, 141 F.3d at 1327 (instructing dilution occurs when "potential customers of [plaintiff are] discouraged if they cannot find its webpage by typing in 'Panavision.com'").


See 4 J. Thomas McCarthy, supra note 8, § 24:75.


See Christopher R. Perry, Trademarks as Commodities: The "Famous" Roadblock to Applying Trademark Dilution Law in Cyberspace, 32 Conn. L. Rev. 1127, 1131 (2000).


[51] See TRC Report, supra note 48, at 460.

[52] See id. at 460.


[54] See id. at 1631.


[57] See id. at 4.


If the mark is exclusive, it is more likely to retain its significance as a source indicator outside the context of its market and thus indicate fame. If others use the same mark in other contexts, the mark is less likely to retain such significance.


See id. at 695.


See J. Thomas McCarthy, McCarthy on Trademarks § 24:100.


See id. at 695.

See TRC Report supra note 48 at 457.


See TRC Report, supra note 48, at 457.

See TRC Report, supra note 48, at 459.

See TRC Report, supra note 48, at 455. "A limited category of trademarks, those which are truly famous and registered, are deserving of national protection from dilution . . . We therefore urge the adoption of a highly selective federal dilution statute."


See TRC Report supra note 48 at 457.


See TRC Report, supra note 48, at 457.

See TRC Report, supra note 48, at 459.

See TRC Report, supra note 48, at 455.


[88] 163 F.3d 27 (1st Cir. 1998).

[89] Id. at 47.

[90] 189 F.3d 868 (9th Cir. 1999).

[91] Id. at 879.


[95] 163 F.3d 27 (1st Cir. 1998).

[96] 189 F.3d 868 (9th Cir. 1999).

[97] See J.P. Lund, 163 F.3d at 46 (observing that the FTDA extends only to "truly prominent and renowned" marks and observing "congressional intent that courts should be discriminating and selective in categorizing a mark as famous"); see also Avery Dennison, 189 F.3d at 875 ("Dilution is a cause of action invented and reserved for a select class of marks -- those marks with such powerful consumer associations that even non-competing uses can impinge on their value.")

[98] 163 F.3d at 45.

[99] 191 F.3d 208 (2d. Cir. 1999).

[100] 192 F.3d 633 (7th Cir. 1999).

[101] 191 F.3d at 215.


[103] 192 F.3d 633 (7th Cir. 1999).

[104] 189 F.3d 868 (9th Cir. 1999), rev'g 999 F. Supp. 1337 (C.D. Cal. 1998).

[105] 192 F.3d at 640.

[106] Id. at 641.

[107] 192 F.3d at 641.
189 F.3d 868 (9th Cir.), rev'g 999 F. Supp. 1337 (C.D. Cal. 1998).

Id. at 874.

Id. at 875.

Id. at 879.


212 F.3d 157 (3rd Cir. 2000).

See id. at 161.

See id.

See id. at 170.

See id. at 171.

See id. at 173.

See id. at 174 (quoting Courtland L. Reichman, State and Federal Trademark Dilution, 17 Franchise L.J. 111, 133 (Spring 1998).

See id. at 174.


192 F.3d 633, 639 (7th Cir. 1999).

4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24.92, at 24-156 ("Distinctiveness is used here only as a synonym for 'fame.' Even if 'distinctiveness' is regarded as a separate requirement, it would, in the author's view, be redundant.").

191 F.3d 208, 51 USPQ2d 1882 (2nd Cir. 1999).

191 F.3d 208, 216 (2d Cir. 1999). The court, in disagreement with McCarthy's arguments, stated: "We think the inclusion of the requirement for distinctiveness was intended, for good reason, to deny the protection of the statute to non-distinctive marks." Id. at 216 n.2.


[133] See Nabisco, 1999 WL 672575, at *4-5.

[134] See Star Markets, Ltd. v. Texaco, Inc., 950 F. Supp. 1030, 1032 (D. Haw. 1996) (noting the FTDA protects "truly famous marks, which are presumed distinctive, but not distinctive marks if they are not also sufficiently famous"); see also J. Thomas McCarthy, 3 McCarthy on Trademarks and Unfair Competition, § 24.91, at 24-148 (reasoning that having a separate requirement for distinctiveness would be redundant).

[135] 15 U.S.C. § 1125(c)(1)(A)-(H) (1999). The factors are: 1) the degree of inherent or acquired distinctiveness; 2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; 3) the duration and extent of advertising; 4) the geographical area in which the mark is used; 5) the channels of trade in which the mark is used; 6) the degree of recognition of the mark within the channels of trade used by the mark owner and the defendant; 7) the extent of use of the mark by third parties; and 8) whether the mark is registered. See id.


[137] See Klieger, Trademark Dilution, 58 U. Pitt. L. Rev. at 64.